

FORTY-THIRD LEGISLATURE—FOURTH CALLED SESSION. 19

and per diem of officers and employees of the Fourth Called Session of the Forty-third Legislature of the State of Texas.

SEC. 2. The fact that the Fourth Called Session of the Forty-third Legislature of the State of Texas is now drawing to a close and there not being sufficient money appropriated to pay the mileage and per diem of members and the salaries and per diem of officers of the Fourth Called Session of the Forty-third Legislature, create an emergency and imperative public necessity that the Constitutional Rule requiring bills to be read on three several days in each House be suspended and the said Rule is hereby suspended and this Act shall take effect from and after its passage, and it is so enacted.

[NOTE.—H. B. No. 68 passed the House, November 5, 1934, by a vote of 108 yeas, 0 nays; passed the Senate, November 8, 1934, by a vote of 28 yeas, 0 nays.]

Approved November 9, 1934.

Effective November 9, 1934.

CREATING THE LOWER COLORADO RIVER
AUTHORITY.

S. B. No. 2.]

CHAPTER 7.

An Act creating a conservation and reclamation district to be known as Lower Colorado River Authority, pursuant to and for the purposes set forth in Section 59 of Article 16 of the Constitution of the State of Texas, and to be a governmental agency, body politic and corporate, without power to mortgage or encumber any of its property or to alienate any property necessary to its business, or to levy taxes or assessments or to create any indebtedness payable out of taxes or assessments, or to pledge the credit of the State; fixing the boundaries thereof; conferring thereon all powers, rights, privileges and functions conferred by General Law upon Districts created pursuant to said Section 59, except as expressly limited; conferring certain other powers thereon including the power to control, store, preserve, use, distribute and sell the waters of the Colorado River and its tributaries, to develop, generate, distribute and sell water power and electric energy, to acquire property by condemnation or otherwise, to construct, maintain, use and operate facilities, to make contracts, to borrow money, to create and issue its negotiable bonds for cash, property or refunding purposes on stated terms and conditions, and in connection therewith to pledge all or any part of its revenues; vesting the powers of the District in a board of directors and prescribing the manner of their appointment and their duties; providing for the appointment of officers, agents and employees; providing for the fiscal management of the District; preserving existing water rights, to the extent provided; prescribing all necessary details; making an appropriation of Five Thousand Dollars (\$5,000.00) to the District; providing that if any provision of this Act shall be held to be invalid, the validity of the other provisions thereof shall not be affected; and declaring an emergency.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. There is hereby created within the State of Texas, in addition to the districts into which the State has

heretofore been divided, a conservation and reclamation district to be known as "Lower Colorado River Authority" (hereinafter called the District) and consisting of that part of the State of Texas which is included within the boundaries of the counties of Blanco, Burnet, Llano, Travis, Bastrop, Fayette, Colorado, Wharton, San Saba and Matagorda. Such District shall be and is hereby declared to be a governmental agency and body politic and corporate, with the powers of government and with the authority to exercise the rights, privileges and functions hereinafter specified, and the creation of such District is hereby determined to be essential to the accomplishment of the purposes of Section 59 of Article 16 of the Constitution of the State of Texas, including (to the extent hereinafter authorized) the control, storing, preservation and distribution of the waters of the Colorado River and its tributaries for irrigation, power and other useful purposes, the reclamation and irrigation of arid, semi-arid and other lands needing irrigation, and the conservation and development of the forests, water and hydro-electric power of the State of Texas. Nothing in this Act or in any other act or law contained, however, shall be construed as authorizing the District to levy or collect taxes or assessments, or to create any indebtedness payable out of taxes or assessments, or in any way to pledge the credit of the State.

SEC. 2. Except as expressly limited by this Act, the District shall have and is hereby authorized to exercise all powers, rights, privileges and functions conferred by General Law upon any District or Districts created pursuant to Section 59 of Article 16 of the Constitution of the State of Texas. Without limitation of the generality of the foregoing, the District shall have and is hereby authorized to exercise the following powers, rights, privileges and functions:

(a) to control, store and preserve, within the boundaries of the District, the waters of the Colorado River and its tributaries for any useful purpose, and to use, distribute and sell the same, within the boundaries of the District, for any such purpose;

(b) to develop and generate water power and electric energy within the boundaries of the District and to distribute and sell water power and electric energy, within or without the boundaries of the District;

(c) to prevent or aid in the prevention of damage to person or property from the waters of the Colorado River and its tributaries;

(d) to forest and reforest and to aid in the foresting and reforesting of the watershed area of the Colorado River and its tributaries and to prevent and to aid in the prevention of soil erosion and floods within said watershed area;

(e) to acquire by purchase, lease, gift or in any other manner (otherwise than by condemnation) and to maintain, use and operate any and all property of any kind, real, personal or mixed, or any interest therein, within or without the boundaries of the District, necessary or convenient to the exercise

of the powers, rights, privileges and functions conferred upon it by this Act;

(f) to acquire by condemnation any and all property of any kind, real, personal or mixed, or any interest therein, within or without the boundaries of the District (other than such property or any interest therein without the boundaries of the District as may at the time be owned by any body politic) necessary or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this Act, in the manner provided by General Law with respect to condemnation or, at the option of the District, in the manner provided by the statutes relative to condemnation by Districts organized under General Law pursuant to Section 59 of Article 16 of the Constitution of the State of Texas;

(g) Subject to the provisions of this Act from time to time sell or otherwise dispose of any property of any kind, real, personal or mixed, or any interest therein, which shall not be necessary to the carrying on of the business of the District;

(h) to overflow and inundate any public lands and public property and to require the relocation of roads and highways in the manner and to the extent permitted to Districts organized under General Law pursuant to Section 59 of Article 16 of the Constitution of the State of Texas;

(i) to construct, extend, improve, maintain and reconstruct, to cause to be constructed, extended, improved, maintained and reconstructed, and to use and operate, any and all facilities of any kind necessary or convenient to the exercise of such powers, rights, privileges and functions;

(j) to sue and be sued in its corporate name;

(k) to adopt, use and alter a corporate seal;

(l) to make by-laws for the management and regulation of its affairs;

(m) to appoint officers, agents and employees, to prescribe their duties and to fix their compensation;

(n) to make contracts and to execute instruments necessary or convenient to the exercise of the powers, rights, privileges and functions conferred upon it by this Act;

(o) to borrow money for its corporate purposes and, without limitation of the generality of the foregoing, to borrow money and accept grants from the United States of America, or from any corporation or agency created or designated by the United States of America, and, in connection with any such loan or grant, to enter into such agreements as the United States of America or such corporation or agency may require; and to make and issue its negotiable bonds for moneys borrowed, in the manner and to the extent provided in Section 10. Nothing in this Act shall authorize the issuance of any bonds, notes or other evidences of indebtedness of the District, except as specifically provided in this Act, and no issuance of bonds, notes or other evidences of indebtedness of the District, except as specifically provided in this Act, shall ever be authorized except by an Act of the Legislature;

(p) to do any and all other acts or things necessary or convenient to the exercise of the powers, rights, privileges or functions conferred upon it by this Act or any other Act or law;

Provided, however, that said District shall not be permitted to use for irrigation purposes any water under any law or permits heretofore issued or now held, owned or enjoyed by said District or which may be hereafter acquired from the Colorado River Corporation or any other company or person whomsoever unless expressly authorized by subsequent permits granted to the District by the Board of Water Engineers under authority of law; and said Board of Water Engineers in considering subsequent applications by said District shall at all times consider the needs of the people living within and on the lands lying within the watershed of the Colorado River and its tributaries above the District; provided, however, that nothing herein shall prevent the District from selling, for irrigation purposes within the boundaries of the District, any water impounded by it under authority of law.

Provided further, that in creating and conferring the benefits of this Act on said District, it is declared as an essential part thereof that irrespective of any existing right or rights or permit or permits issued by the Board of Water Engineers of the State of Texas to use the waters of the Colorado River and its tributaries for the generation of hydro-electric power and which rights or permits may be acquired by the District, the impounding and use of the flood waters of the Colorado River and/or its tributaries for the generation of hydro-electric power by the District and/or anyone who may succeed to the rights and privileges conferred upon it by this Act, shall be subject to the rights of any other person, municipal corporation or body politic heretofore impounding or now putting to beneficial use any such waters for the purposes, set forth in subdivisions (1), (2) and (3) of Article 7471 of the Revised Civil Statutes of the State of Texas as amended by Chapter 128 of the Acts of the Forty-second Legislature of the State of Texas, when such other person, municipal corporation or body politic has heretofore received a permit for such use or uses from the Board of Water Engineers of the State of Texas, or who by law has heretofore been permitted to impound water for the aforesaid purposes, and nothing in this Act shall ever be construed as to require any such municipal corporation or body politic to surrender any such rights to which it may now be entitled to the District and shall not be construed so as to subject to condemnation by said District or any successor or by anyone who may succeed to the rights and privileges conferred upon it by this Act any waters heretofore impounded or to be impounded within or without the District under any law authorizing water to be impounded or under any permits heretofore granted or hereafter granted to a municipal corporation or body politic or any waters heretofore impounded or permitted to be impounded or used without the District

under permits heretofore or hereafter granted to any person.

Nothing in this Act shall be construed as depriving any person or municipality of the right to impound the waters of the Colorado River and/or its tributaries for domestic and/or municipal purposes, nor of repealing any law granting such rights to persons and municipalities.

SEC. 2a. It is now declared to be the public policy of this State that any and all rights of the District hereby created to impound and/or use and/or sell the waters of the Colorado River and its tributaries for the generation of hydro-electric power, shall be subordinate and inferior to the rights of cities and towns situated within the watershed of the Colorado River and its tributaries to build dams and impound flood waters for municipal purposes; and likewise the rights of the said District hereby created, to impound and/or use and/or sell said waters for the generation of hydro-electric power, shall be subordinate and inferior to the rights of any citizens of Texas, or bodies politic, to build dams and impound the flood waters within the watershed of the Colorado River and its tributaries for domestic purposes and for the purposes of irrigation, and the title to any and all rights, properties, licenses, franchises, and/or permits acquired, or to be acquired, by the Lower Colorado River Authority, shall be and become subject to the limitations imposed by this section.

SEC. 3. The powers, rights, privileges and functions of the District shall be exercised by a board of nine directors (herein called the Board), all of whom shall be residents of and freehold property taxpayers in the State of Texas; provided that not more than two of such directors shall be residents of the same county. Three of the directors shall be appointed by the Governor, three by the Attorney General and three by the Commissioner of the General Land Office of the State of Texas. Provided that no person shall be eligible for such appointment if he has, during the preceding three years before his appointment been employed by an electric power and light company, gas company, telephone company, or any other utility company of any kind or character whatsoever. Of the three directors first appointed by each authority, one shall be appointed for a term expiring January 1, 1937, one for a term expiring January 1, 1939, and one for a term expiring January 1, 1941. At the expiration of the term of any director, another director shall be appointed by the same authority which appointed the director whose term has expired. Each director shall hold office until the expiration of the term for which he was appointed and thereafter until his successor shall have been appointed and qualified, unless sooner removed as in this Act provided. Any director may be removed by the authority which appointed him for inefficiency, neglect of duty or misconduct in office, after at least ten days' written notice of the charges against him and an opportunity to be heard in person or by counsel at public hearing. A vacancy resulting from the death, resignation or removal of any director shall be filled by

the authority which appointed him, for the unexpired term of such director. Each director shall qualify by taking the official oath of office prescribed by general statute.

Each director shall receive a fee of Ten Dollars (\$10.00) per day for each day spent in attending meetings of the Board.

Until the adoption of By-laws fixing the time and place of regular meetings and the manner in which special meetings may be called, meetings of the Board shall be held at such times and place as five of the directors may designate in writing. Five directors shall constitute a quorum at any meeting and, except as otherwise provided in this Act or in the By-laws, all action may be taken by the affirmative vote of a majority of the directors present at any such meeting, except that no contracts which involves an amount greater than Ten Thousand Dollars (\$10,000.00) or which is to run for a longer period than a year, and no bonds, notes or other evidence of indebtedness and no amendment of the By-laws shall be valid unless authorized or ratified by the affirmative vote of at least five directors.

SEC. 4. The Board shall select a Secretary who shall keep true and complete records of all proceedings of the Board. Until the appointment of a Secretary, or in the event of his absence or inability to act, a secretary pro tem shall be selected by the Board. The Board shall also select a General Manager, who shall be the chief executive officer of the District, and a Treasurer, who may also hold the office of Secretary. All such officers shall have such powers and duties, shall hold office for such term and be subject to removal in such manner as may be provided in the By-laws. The Board shall fix the compensation of such officers. The Board may appoint such officers, agents and employees, fix their compensation and term of office and the method by which they may be removed, and delegate to them such of its power and duties as it may deem proper.

SEC. 5. The moneys of the District shall be disbursed only on checks, drafts, orders or other instruments signed by such persons as shall be authorized to sign the same by the By-laws or resolution concurred in by not less than five directors. The General Manager, the Treasurer and all other officers, agents and employees of the District who shall be charged with the collection, custody or payment of any funds of the District shall give bond conditioned on the faithful performance of their duties and an accounting for all funds and property of the District coming into their respective hands, each of which bonds shall be in form and amount and with a surety (which shall be a surety company authorized to do business in the State of Texas), approved by the Board, and the premiums on such bonds shall be paid by the District and charged as an operating expense.

SEC. 6. The domicile of the District shall be in the City of Austin, County of Travis, where the District shall maintain its principal office, in charge of its General Manager. The District shall cause to be kept complete and accurate accounts

conforming to approved methods of bookkeeping. Said accounts and all contracts, documents and records of the District shall be kept at said principal office. Said accounts and contracts shall be open to public inspection at all reasonable times. The Board shall cause to be made and completed within ninety days after the end of each calendar year, an audit of the books of account and financial records of the District for such calendar year, such audit to be made by an independent Certified Public Accountant or firm of Certified Public Accountants. Copies of a written report of such audit certified to by said accountant or accountants, shall be placed and kept on file with the Board of Water Engineers, with the Treasurer of the State of Texas and at said principal office, and shall be open to public inspection at all reasonable times.

SEC. 7. No director, officer, agent or employee of the District shall be directly or indirectly interested in any contract for the purchase of any property or construction of any work by or for the District, and if any such person shall be or become so interested in any such contract, he shall be guilty of a felony and on conviction thereof shall be subject to a fine in an amount not exceeding Ten Thousand Dollars (\$10,000.00) or to confinement in the county jail for not less than one year nor more than ten years, or both.

SEC. 8. The Board shall establish and collect rates and other charges for the sale or use of water, water connections, power, electric energy or other services sold, furnished, or supplied by the District which fees and charges shall be reasonable and nondiscriminatory and sufficient to produce revenues adequate:

(a) to pay all expenses necessary to the operation and maintenance of the properties and facilities of the District;

(b) to pay the interest on and principal of all bonds issued under this Act when and as the same shall become due and payable;

(c) to pay all sinking fund and/or reserve fund payments agreed to be made in respect of any such bonds, and payable out of such revenues, when and as the same shall become due and payable; and

(d) to fulfill the terms of any agreements made with the holders of such bonds and/or with any person in their behalf.

Out of the revenues which may be received in excess of those required for the purposes specified in subparagraphs (a), (b), (c) and (d) above, the Board may in its discretion establish a reasonable depreciation and emergency fund, or retire (by purchase and cancellation or redemption) bonds issued under this Act, or apply the same to any corporate purpose.

It is the intention of this Act that the rates and charges of the District shall not be in excess of what may be necessary to fulfill the obligations imposed upon it by this Act. Nothing herein shall be construed as depriving the State of Texas of its power to regulate and control fees and/or charges to be collected for the use of water, water connections, power, electric energy, or other service, provided that the State of Texas does

hereby pledge to and agree with the purchasers and successive holders of the bonds issued hereunder that the State will not limit or alter the power hereby vested in the District to establish and collect such fees and charges as will produce revenues sufficient to pay the items specified in subparagraphs (a), (b), (c) and (d) of this Section 8, or in any way to impair the rights or remedies of the holders of the bonds, or of any person in their behalf, until the bonds, together with the interest thereon, with interest on unpaid installments of interest and all costs and expenses in connection with any action or proceedings by or on behalf of the bondholders and all other obligations of the District in connection with such bonds are fully met and discharged.

SEC. 9. Any and every indebtedness, liability or obligation of the District, for the payment of money, however entered into or incurred, and whether arising from contract, implied contract or otherwise shall be payable solely (1) out of the revenues received by the District in respect of its properties, subject to any prior lien thereon conferred by any resolution or resolutions theretofore adopted as in this Act provided, authorizing the issuance of bonds or (2), if the Board shall so determine, out of the proceeds of sale by the District of bonds payable solely from such revenues.

SEC. 10. The District shall have power and is hereby authorized to issue, from time to time, bonds as herein authorized for any corporate purpose, not to exceed Ten Million Dollars (\$10,000,000.00) in aggregate principal amount. Any additional amount of bonds must be authorized by an Act of the Legislature. Such bonds may either be (1) sold for cash, at public or private sale, at such price or prices as the Board shall determine, provided that the interest cost of the money received therefor, computed to maturity in accordance with standard bond tables in general use by banks and insurance companies, shall not exceed six per centum (6%) per annum, or (2) may be issued on such terms as the Board shall determine in exchange for property of any kind, real, personal or mixed or any interest therein which the Board shall deem necessary or convenient for any such corporate purpose, or (3) may be issued in exchange for like principal amounts of other obligations of the District, matured or unmatured. The proceeds of sale of such bonds shall be deposited in such bank or banks or trust company or trust companies, and shall be paid out pursuant to such terms and conditions, as may be agreed upon between the District and the purchasers of such bonds. No part of the Four Million Five Hundred Thousand Dollars (\$4,500,000.00) which has been allotted by the Federal Emergency Administration of Public Works to the Colorado River Project which may be received by the District shall be applied to the purchase of any of the properties heretofore owned by Central Texas Hydro Electric Company except such amount as shall equal the sum actually expended by the sellers of such properties in discharging statutory contractors

and materialmen's liens on such of said properties as shall be purchased by the District. No contract for the purchase and no purchase by the District of any of the properties heretofore owned by the Central Texas Hydro Electric Company shall be valid unless the terms thereof shall be satisfactory to the Federal Emergency Administrator of Public Works. All such bonds shall be authorized by resolution or resolutions of the Board concurred in by at least five of the members thereof, and shall bear such date or dates, mature at such time or times, bear interest at such rate or rates (not exceeding six per centum (6%) per annum) payable annually or semi-annually, be in such denominations, be in such form, either coupon or registered, carry such registration privileges as to principal only or as to both principal and interest, and as to exchange of coupon bonds for registered bonds or vice versa, and exchange of bonds of one denomination for bonds of other denominations, be executed in such manner and be payable at such place or places within or without the State of Texas, as such resolution or resolutions may provide. Any resolution or resolutions authorizing any bonds may contain provisions, which shall be part of the contract between the District and the holders thereof from time to time (a) reserving the right to redeem such bonds at such time or times, in such amounts and at such prices, not exceeding one hundred and five per centum (105%) of the principal amount thereof, plus accrued interest, as may be provided, (b) providing for the setting aside of sinking funds or reserve funds and the regulation and disposition thereof, (c) pledging to secure the payment of the principal of and interest on such bonds and of the sinking fund or reserve fund payments agreed to be made in respect of such bonds all or any part of the gross or net revenues thereafter received by the District in respect of the property, real, personal or mixed, to be acquired and/or constructed with such bonds or the proceeds thereof, or all or any part of the gross or net revenues thereafter received by the District from whatever source derived, (d) prescribing the purposes to which such bonds or any bonds thereafter to be issued, or the proceeds thereof, may be applied, (e) agreeing to fix and collect rates and charges sufficient to produce revenues adequate to pay the items specified in subdivisions (a), (b), (c) and (d) of Section 8 hereof, and prescribing the use and disposition of all revenues, (f) prescribing limitations upon the issuance of additional bonds and upon the agreements which may be made with the purchasers and successive holders thereof, (g) with regard to the construction, extension, improvement, reconstruction, operation, maintenance and repair of the properties of the District and carrying of insurance upon all or any part of said properties covering loss or damage or loss of use and occupancy resulting from specified risks, (h) fixing the procedure, if any, by which, if the District shall so desire, the terms of any contract with the holders of such bonds may be amended or abrogated, the amount of

bonds the holders of which must consent thereto, and the manner in which such consent may be given, (i) for the execution and delivery by the District to a bank or trust company authorized by law to accept trusts, or to the United States of America or any officer or agency thereof, of indentures and agreements for the benefit of the holders of such bonds setting forth any or all of the agreements herein authorized to be made with or for the benefit of the holders of such bonds and such other provisions as may be customary in such indentures or agreements; and (j) such other provisions, not inconsistent with the provisions of the Act, as the Board may approve.

Any such resolution and any indenture or agreement entered into pursuant thereto may provide that in the event that

(a) default shall be made in the payment of the interest on any or all bonds when and as the same shall become due and payable, or

(b) default shall be made in the payment of the principal of any or all bonds when and as the same shall become due and payable, whether at the maturity thereof, by call for redemption or otherwise, or

(c) default shall be made in the performance of any agreement made with the purchasers or successive holders of any bonds,

And such default shall have continued such period, if any, as may be prescribed by said resolution in respect thereof, the trustee under the indenture or indentures entered into in respect of the bonds authorized thereby, or, if there shall be no such indenture, a trustee appointed in the manner provided in such resolution or resolutions by the holders of twenty-five per centum (25%) in aggregate principal amount of the bonds authorized thereby and at the time outstanding may, and upon the written request of the holders of twenty-five per centum (25%) in aggregate principal amount of the bonds authorized by such resolution or resolutions at the time outstanding, shall, in his or its own name, but for the equal and proportionate benefit of the holders of all of such bonds; and with or without having possession thereof;

(1) by mandamus or other suit, action or proceeding at law or in equity, enforce all rights of the holders of such bonds,

(2) bring suit upon such bonds and/or the appurtenant coupons,

(3) by action or suit in equity, require the district to account as if it were the trustee of an express trust for the bondholders,

(4) by action or suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders of such bonds, and/or,

(5) after such notice to the District as such resolution may provide, declare the principal of all of such bonds due and payable, and if all defaults shall have been made good, then with the written consent of the holders of twenty-five

per centum (25%) in aggregate principal amount of such bonds at the time outstanding, annul such declaration and its consequences; provided, however, that the holders of more than a majority in principal amount of the bonds authorized thereby and at the time outstanding shall by instrument or instruments in writing delivered to such trustee have the right to direct and control any and all action taken or to be taken by such trustee under this paragraph. Any such resolution, indenture or agreement may provide that in any such suit, action or proceeding, any such trustee, whether or not all of such bonds shall have been declared due and payable, and with or without possession of any thereof, shall be entitled as of right to the appointment of a receiver who may enter and take possession of all or any part of the properties of the District and operate and maintain the same, and fix, collect and receive rates and charges sufficient to provide revenues adequate to pay the items set forth in sub-paragraphs (a), (b), (c), and (d) of Section 8 hereof and the costs and disbursements of such suit, action or proceeding, and to apply such revenues in conformity with the provisions of this Act and the resolution or resolutions authorizing such bonds. In any suit, action or proceeding by any such trustee, the reasonable fees, counsel fees and expenses of such trustee and of the receiver or receivers, if any, shall constitute taxable disbursements and all costs and disbursements and all costs and disbursements allowed by the court shall be a first charge upon any revenues pledged to secure the payment of such bonds. Subject to the provisions of the Constitution of the State of Texas, the courts of the County of Travis shall have jurisdiction of any such suit, action or proceeding by any such trustee on behalf of the bondholders and of all property involved therein. In addition to the powers hereinabove specifically provided for, each such trustee shall have and possess all powers necessary or appropriate for the exercise of any thereof, or incident to the general representation of the bondholders in the enforcement of their rights.

Before any bonds shall be sold by the District, a certified copy of the proceedings for the issuance thereof, including the form of such bonds, together with any other information which the Attorney General of the State of Texas may require, shall be submitted to the Attorney General, and if he shall find that such bonds have been issued in accordance with law, and if he shall approve such bonds, he shall execute a certificate to that effect which shall be filed in the office of the Comptroller of the State of Texas and be recorded in a record kept for that purpose. No bonds shall be issued until the same shall have been registered by the Comptroller, who shall so register the same if the Attorney General shall have filed with the Comptroller his certificate approving the bonds and the proceedings for the issuance thereof as hereinabove provided.

All bonds approved by the Attorney General as aforesaid, and registered by the Comptroller as aforesaid, and issued in

accordance with the proceedings so approved shall be valid and binding obligations of the District and shall be incontestable for any cause from and after the time of such registration.

SEC. 11. All bonds issued by the District pursuant to the provisions of this Act shall constitute negotiable instruments within the meaning of the Negotiable Instruments Law.

SEC. 12. The District may, but without intending by this provision to limit any powers of the District as granted to it by this Act, enter into and carry out such contracts, or establish or comply with such rules and regulations concerning labor and materials and other related matters in connection with any project or projects as the District may deem desirable or as may be requested by the United States of America, or any corporation or agency created, designated or established thereby, which may assist in the financing of any such project or projects.

SEC. 13. The District shall have power out of any funds available therefor to purchase any bonds issued by it at a price not exceeding the redemption price applicable at the time of such purchase, or if such bonds shall not be redeemable, at a price not exceeding the principal amount thereof plus accrued interest. All bonds so purchased shall be cancelled and no bonds shall ever be issued in lieu thereof.

SEC. 14. Nothing in this Act shall be construed as authorizing the District and it shall not be authorized to mortgage or otherwise encumber any of its property of any kind, real, personal or mixed, or any interest therein, or to acquire any such property or interest subject to a mortgage or conditional sale, provided that this section shall not be construed as preventing the pledging of the revenues of the District as herein authorized. Nothing in this Act shall be construed as authorizing the sale, lease or other disposition of any such property or interest by the District; or any receiver of any of its properties or through any court proceeding or otherwise, provided, however, that the District may sell for cash any such property or interest in an aggregate value not exceeding the sum of Fifty Thousand Dollars (\$50,000.00) in any one year if the Board, by the affirmative vote of six of the members thereof shall have determined that the same is not necessary or convenient to the business of the District and shall have approved the terms of any such sale, it being the intention of this Act that except by sale as in this section expressly authorized, no such property or interest shall ever come into the ownership or control, directly or indirectly, of any person, firm or corporation other than a public authority created under the laws of the State of Texas. All property of the District shall be at all times exempted from forced sale, and nothing in this Act contained shall authorize the sale of any of the property of the District under any judgment rendered in any suit, and such sales are hereby prohibited and forbidden.

SEC. 15. The District shall not prevent free public use of

its lands for recreation purposes and for hunting and fishing except at such points where, in the opinion of the Directors, such use would interfere with the proper conduct of the business.

All public rights of way now traversing the areas to be flooded by the impounded waters shall remain open as a way of free public passage to and from the lakes created, and no charge shall ever be made to the public for the right to engage in hunting, fishing, boating or swimming thereon.

The District shall, within one year, acquire by purchase or otherwise, two (2) strips of land, each to be at least one-fourth ($\frac{1}{4}$) mile in length along the shore line, sufficiently wide and so located that a shore road may be built thereon, which shall be connected with a public highway. Said strips shall be on different sides of said Buchanan Dam, one near the Dam and the other near the headwaters. After acquiring said strips, the Colorado River Authority shall assign the same to the State of Texas for park purposes, and the same shall be under the supervision and control of the State Parks Board, who shall keep said strips of land open to the public, without charge, so that the public in general may have access to the reservoir.

Upon it being called to the attention of the Attorney General of Texas by any citizen of Texas, that this section has not been complied with, it shall be the duty of the Attorney General of Texas to institute the proper legal proceedings to require said District, or their successors, to comply with the provisions of this section.

Provided, that if any of the land owned by the District bordering the lakes to be created under the authority of this Act be sold by the District, the District shall retain in each tract a strip twenty (20) feet wide abutting the high water line of the lake for the purpose of passage and use by the public for public sports and amusements, provided, further however, that this provision shall not apply to any sales of land by the District to any State or Federal Agency to be used for game or fish sanctuaries, preserves, or for propagation purposes.

SEC. 16. All bonds and the interest thereon issued pursuant to the provisions of this Act shall be exempt from taxation (except inheritance taxes) by the State of Texas or by any municipal corporation, county or other political subdivision or taxing district of the State.

SEC. 17. This Act without reference to other statutes of the State of Texas, shall constitute full authority for the authorization and issuance of bonds hereunder and no other act or law with regard to the authorization or issuance of obligations or the deposit of the proceeds thereof, or in any way impeding or restricting the carrying out of the acts herein authorized to be done shall be construed as applying to any proceedings taken hereunder or acts done pursuant hereto.

SEC. 18. This Act and all of the terms and provisions

hereof shall be liberally construed to effectuate the purposes set forth herein.

SEC. 19. There is hereby appropriated for the use of the District out of any funds in the State Treasury not heretofore otherwise appropriated the sum of Five Thousand Dollars (\$5,000.00) which may be withdrawn from time to time on warrant signed by the General Manager and Treasurer of the District, amounts withdrawn to be repaid into the State Treasury out of the first revenues of the District from whatever source derived.

SEC. 20. If any provision of this Act or the application thereof to any person or circumstance shall be held to be invalid, the remainder of the Act, and the application of such provision to other persons or circumstances, shall not be affected thereby.

SEC. 21. This Act may be cited as the Lower Colorado River Authority Act.

SEC. 22. The importance of this legislation to the section of the State affected thereby and the fact that the District must act promptly if it is to avail itself of the opportunity of borrowing or receiving a grant from the Federal Emergency Administration of Public Works creates an emergency and imperative public necessity that the Constitutional Rule requiring bills to be read on three several days be and the same is hereby suspended, and that this Act shall take effect and be in force from and after its passage, and it is so enacted.

[NOTE.—S. B. No. 2 passed the Senate, October 17, 1934, by a vote of 24 yeas, 0 nays; Senate refused to concur in House Amendments, November 2, 1934; Conference Committee was appointed November 5, 1934; Senate adopted Conference Committee Report, November 9, 1934, by a vote of 27 yeas, 1 nay; passed the House, with amendments, October 30, 1934, by a vote of 107 yeas, 6 nays; House adopted Conference Committee Report, November 10, 1934, by a vote of 75 yeas, 39 nays.]

Approved November 13, 1934.

Effective 90 days after adjournment.